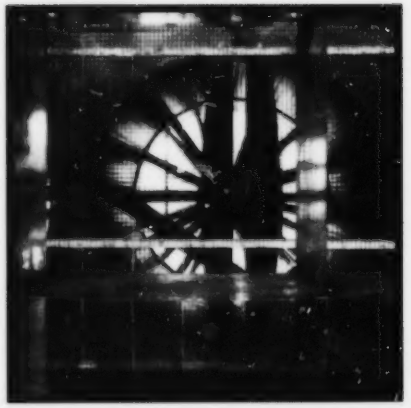
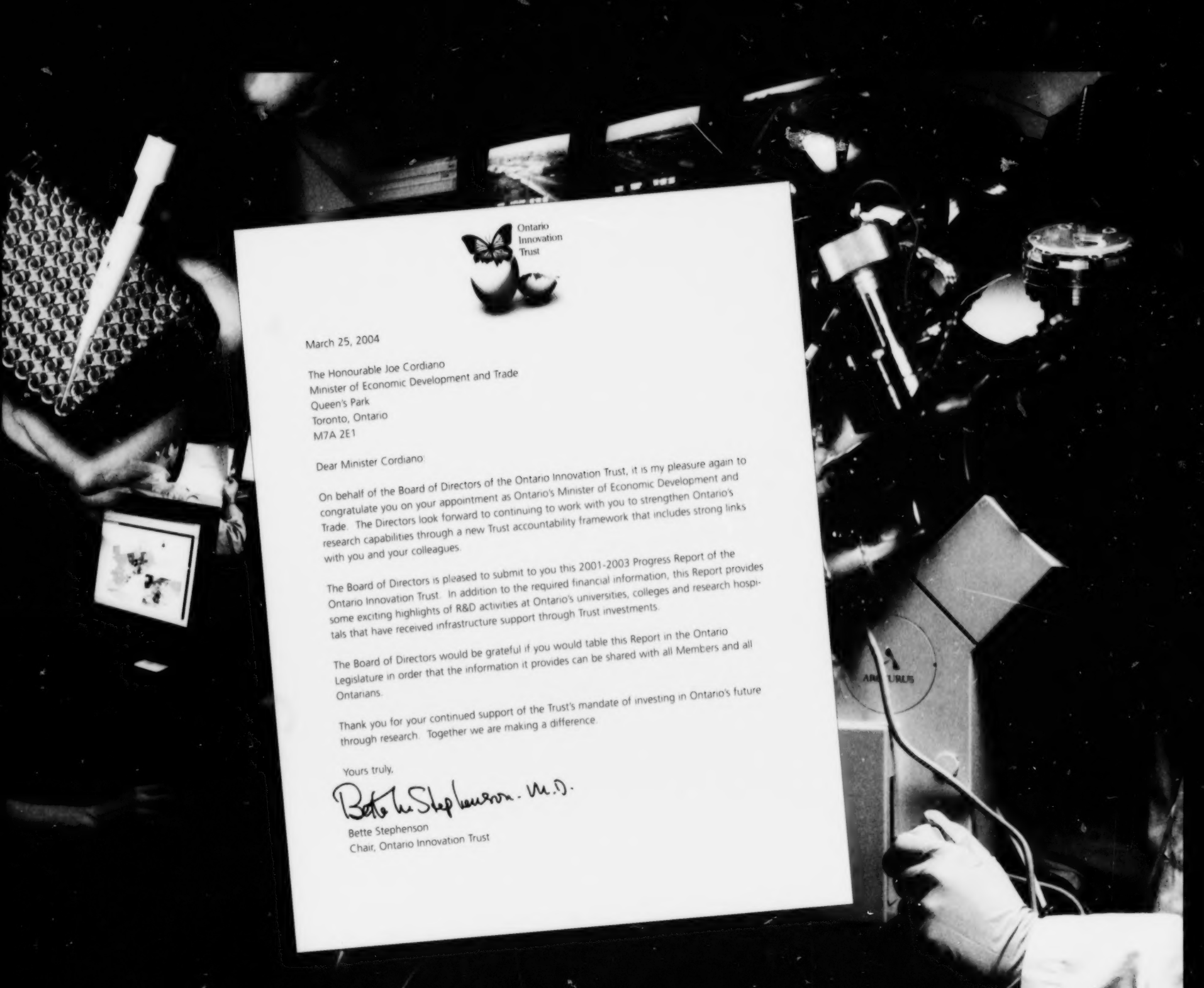
PROGRESS REPORT 2001–2003



FROM MINDS TO MARKETS

Investing in Ontario's future through research

Ontario Innovation Trust



Ontario Innovation Trust

March 25, 2004

The Honourable Joe Cordiano
Minister of Economic Development and Trade
Queen's Park
Toronto, Ontario
M7A 2E1

Dear Minister Cordiano:

On behalf of the Board of Directors of the Ontario Innovation Trust, it is my pleasure again to congratulate you on your appointment as Ontario's Minister of Economic Development and Trade. The Directors look forward to continuing to work with you to strengthen Ontario's research capabilities through a new Trust accountability framework that includes strong links with you and your colleagues.

The Board of Directors is pleased to submit to you this 2001-2003 Progress Report of the Ontario Innovation Trust. In addition to the required financial information, this Report provides some exciting highlights of R&D activities at Ontario's universities, colleges and research hospitals that have received infrastructure support through Trust investments.

The Board of Directors would be grateful if you would table this Report in the Ontario Legislature in order that the information it provides can be shared with all Members and all Ontarians.

Thank you for your continued support of the Trust's mandate of investing in Ontario's future through research. Together we are making a difference.

Yours truly,

Bette Stephenson, M.D.

Bette Stephenson
Chair, Ontario Innovation Trust

FROM MINDS TO MARKETS

106-01026/

Innovation begins with the insight of an inquiring mind. But it's a long journey from that first flash of thought to a technology or a process that can improve the quality of our lives.

The Ontario Innovation Trust exists to make that journey possible, from beginning to end, by investing in research infrastructure.

Trust investments help ensure that the world's most brilliant minds will do their thinking at Ontario institutions. And Trust investments put in the hands of those innovative thinkers the tools they need to turn their ideas into marketable applications.

From minds to markets, from ideas to impacts: the Ontario Innovation Trust sustains the journey.

"Innovative university research is essential to the future of Ontario. The Ontario Innovation Trust and the Ontario Research and Development Challenge Fund have both changed the landscape for research in this province. They enable universities to attract and keep outstanding talent and to acquire cutting-edge research equipment and facilities. The Ontario Innovation Trust also has proven to be vital in complementing much-needed support from the Government of Canada. The resources provided by these programs represent an important and responsible investment in creating opportunity for the people of our province."

Rosalind Read (Geology), Associate Vice-President, Research, Queen's University at Kingston

About the Ontario Innovation Trust

The Ontario Innovation Trust was created by the Government of Ontario to invest in research equipment and facilities for universities, colleges, hospitals and other non-profit research institutions. Since its inception in 1999, the Trust has committed almost $674 million to strengthen Ontario's research capabilities. This represents more than a third of the $1.9 billion in total funding that has been invested in Trust supported projects. Other sources of funding are the Canada Foundation for Innovation, the research institutions themselves and other investment partners (companies and corporations, industry associations, government agencies and foundations.)

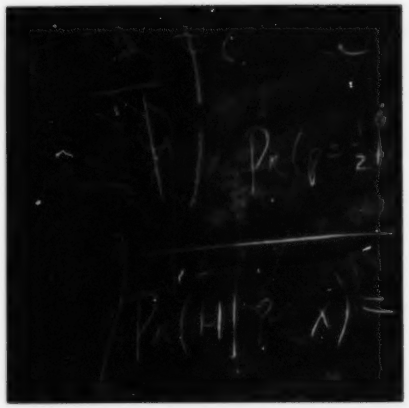
The Trust is administered by an independent Board of Directors, according to the terms of a legal and binding Trust agreement established by the Ontario government. A small professional staff looks after day-to-day operations.

About this Report

This report covers the activities of the Ontario Innovation Trust up to March 31, 2003.

GAINING A GLOBAL EDGE

A progress report



"These kinds of partnerships among government, industry and academia work to everyone's advantage. The universities, for their part, benefit by ensuring their programs stay current and relevant and by keeping some of the brightest minds in Ontario. Ontario Innovation Trust investments will pay off in terms of significant R&D discoveries, which will ultimately create jobs and wealth in our province and country."

Dr. Peter George, President, McMaster University

To stay competitive in the burgeoning, knowledge-based global economy, Ontario must be committed to research for the long haul—from the first flash of insight to the ultimate development of marketable applications.

That long journey takes infrastructure: equipment, laboratories, software and buildings. Since it began in 1999, the Ontario Innovation Trust has helped cover these costs for Ontario's universities, research hospitals and other non-profit research centres.

As a result, Ontario is well on its way to developing a global reputation as a place where groundbreaking research is happening, and where a culture of innovation is taking root.

Here are some highlights of the progress the Trust has made...

- Trust investments have continued to turn the "brain drain" of top research personnel from Ontario into a "brain gain" for the province. By the end of the report period, over 35 percent of researchers involved in Trust funded projects had been attracted from outside the province.
- Trust investment commitments now total almost $674 million. The health and life sciences sector continues to be a leading priority, receiving 56 percent of new funding during the report period.
- The Trust continues to mirror the work of its federal counterpart, the Canada Foundation for Innovation (CFI), ensuring that Ontario receives the maximum federal funding available for research infrastructure. Investments by the Trust during the report period have been matched by $273.3 million of federal, CFI money.
- Private and public sector partnerships also continue to play a pivotal role. By the end of the report period, the number of companies and corporations,

industry associations, government agencies and foundations supporting initiatives also funded by the Ontario Innovation Trust had reached well over 900. (For the full list, see "Partners to

Markets" on page 22.)

- Significant numbers of Trust funded projects continue to move out of the lab and into practical applications. For a few examples of research that's already entering the market place, see the section "Milestones" on page 8.

It takes many years of research to move ideas from minds to markets. But through the investments of the Ontario Innovation Trust, it's happening—and Ontario is gaining a global edge in research that will lead to healthier, more prosperous lives for all Ontarians.

"I'm happy to be back."

When Canadian Karen Arnell finished two years of post-doctoral training in Cambridge, England, she naturally wanted to return to Canada to pursue her academic career.

She found, however, that no appropriate teaching or research positions were available in Canada in her chosen field, human brain wave activity. Nor were there funds for the highly specialized—and expensive—equipment and facilities her research required. As a result, she took a position at North Dakota State University.

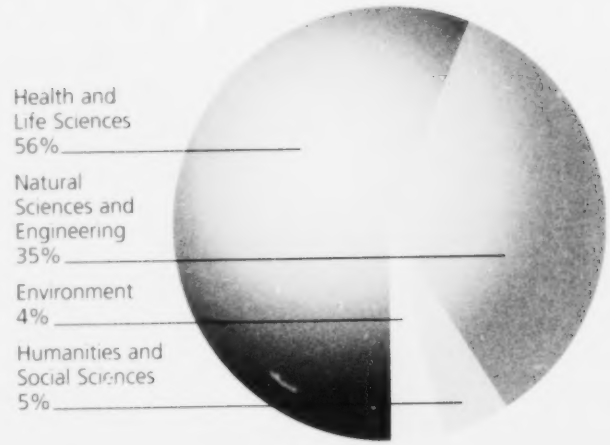
In 2002, however, investments by Ontario Innovation Trust helped to bring her home. She now holds a position at Brock University.

"The Canada Foundation for Innovation and the Ontario Innovation Trust are almost 100 percent responsible for my pursuing research in Canada," she says.

"I'm very happy to be back."

KAREN ARNELL IS AN ASSOCIATE PROFESSOR IN THE DEPARTMENT OF PSYCHOLOGY AT BROCK UNIVERSITY IN ST. CATHARINES.

Distribution of Investments by Academic Sector 2001/2003



For a complete and up-to-date list of Ontario Innovation Trust investments visit us at www.oit.on.ca

GRANTS...OR INVESTMENTS?

A message from the Chair

Terminology matters.
At the Ontario Innovation Trust, we are careful to use the word "investments" in speaking of the funds we dispense—not "grants."

It reminds those of us on the Board that our task is not to select worthy beneficiaries, bestow funds on them—and then move on.

Rather, our mandate is to invest in research that will generate a significant return in terms of health and prosperity for Ontarians. That task demands due diligence at every step and in every aspect of the process.

Good investments demand objectivity. To ensure that we select the most promising projects, the Ontario Innovation Trust relies on a peer review process using scientists from across Canada. (For projects involving funding from both the Canada Foundation for Innovation and the Trust, the review process is collaborative.) The result is that projects are selected in an open, fair and transparent manner—on the basis of their merits.

Good investments demand maximum leverage. Investments by the Ontario Innovation Trust are leveraged through matching funds from the Canada Foundation for Innovation, through private sector partnerships and through funds from the research institutions themselves. This pooling of funds maximizes research dividends.

Good investments demand a track record. The Trust invests in some of the province's most trusted and credible institutions: universities, community colleges, research hospitals and other established non-profit centres of research. Some of these institutions have recorded histories of more than a century of integrity—and results.

Good investments demand accountability. It can take a very long time for an idea to find its application—often longer than the term of a Trust investment. But that doesn't mean that progress can't be measured. Every Trust investment is carefully monitored, and payments are made based on achieved project milestones.

The Ontario Innovation Trust is not about giving money away. It's about investing on behalf of all ordinary Ontarians in order to obtain— for them—extraordinary, long-term results.

As you read this progress report, I think you will see that the dividends promise to be impressive.

Bette Stephenson. M.D.

Bette Stephenson
Chair, Ontario Innovation Trust

The Community College Advantage

Universities are synonymous with research. But increasingly, Ontario's community colleges are also becoming places where groundbreaking investigation takes place. Colleges focus on vocational training and linkages with the local community, and as a result, their research programs can lead more quickly to applications.

To foster research in this context, the Ontario Innovation Trust launched a new initiative in 2001 to make investments at the community college level.

The criteria are the same as for other institutions: funding is available only for research infrastructure, and proposals must display capacity for innovation, strengthen research personnel, collaboration with others including the private sector, contribute to provincial strengths and create economic impact.

The college investment program has been a resounding success. During the report period, the Trust made investments in 21 projects at 11 community colleges.

The Best Tools in the Best Hands

Ontario Distinguished Researcher Awards

Funding from the Ontario Innovation Trust is always for research infrastructure costs such as equipment, materials and buildings—not for the support of the researchers themselves.

The Trust, however, does acknowledge and fund the work of top researchers through its Ontario Distinguished Researcher Awards. The awards are given to individual scientists to help cover up to 40 percent of their infrastructure costs. Recipients must already have been awarded a Canada Research Chair, and must be receiving support from the Canada Foundation for Innovation.

The Trust has committed $90 million to the program. During the report period, the Trust awarded almost $40 million of that amount to 231 Distinguished Researchers at 16 Ontario universities.

The Board of the Ontario Innovation Trust

Board Member	Position	Term of Service	Appointed by
Michael Gourley	CEO, Ontario Financing Authority *(Resigned as Board Chair in July 2002)*	1999 - 2003	Province of Ontario
David Lindsay	President and CEO, SuperBuild Corporation	2000 - 2003	Province of Ontario
Gerry McGuire	President, Sault College of Applied Arts and Technology	2001 - 2002	Community Colleges
Rick Miner	President, Seneca College of Applied Arts and Technology	2002 - present	Community Colleges
Robert Prichard	President and CEO, Torstar Corporation	2001 - present	Universities
Bryne Purchase	Deputy Minister, Ministry of Energy	2000 - present	Province of Ontario
Bette Stephenson	Learning Opportunities Task Force. *(Became Board Chair as of July 2002)*	1999 - present	Hospitals
Calvin Stiller	Chair and CEO, Canadian Medical Discoveries Fund Inc., and Chair of the Ontario Research and Development Challenge Fund	1999 - present	Universities

INVESTING PROVINCE-WIDE

A map of institutional investment by the Ontario Innovation Trust

THUNDER BAY

THUNDER BAY		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Confederation College	8	1	$276,800	1	$276,800
Lakehead University	28	10	$1,296,447	15	$1,883,832

WATERLOO		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Perimeter Institute	3	1	$5,624,892	1	$5,624,892
University of Waterloo	165	42	$23,502,424	69	$39,645,808
Wilfrid Laurier University	21	7	$4,986,815	21	$6,078,808

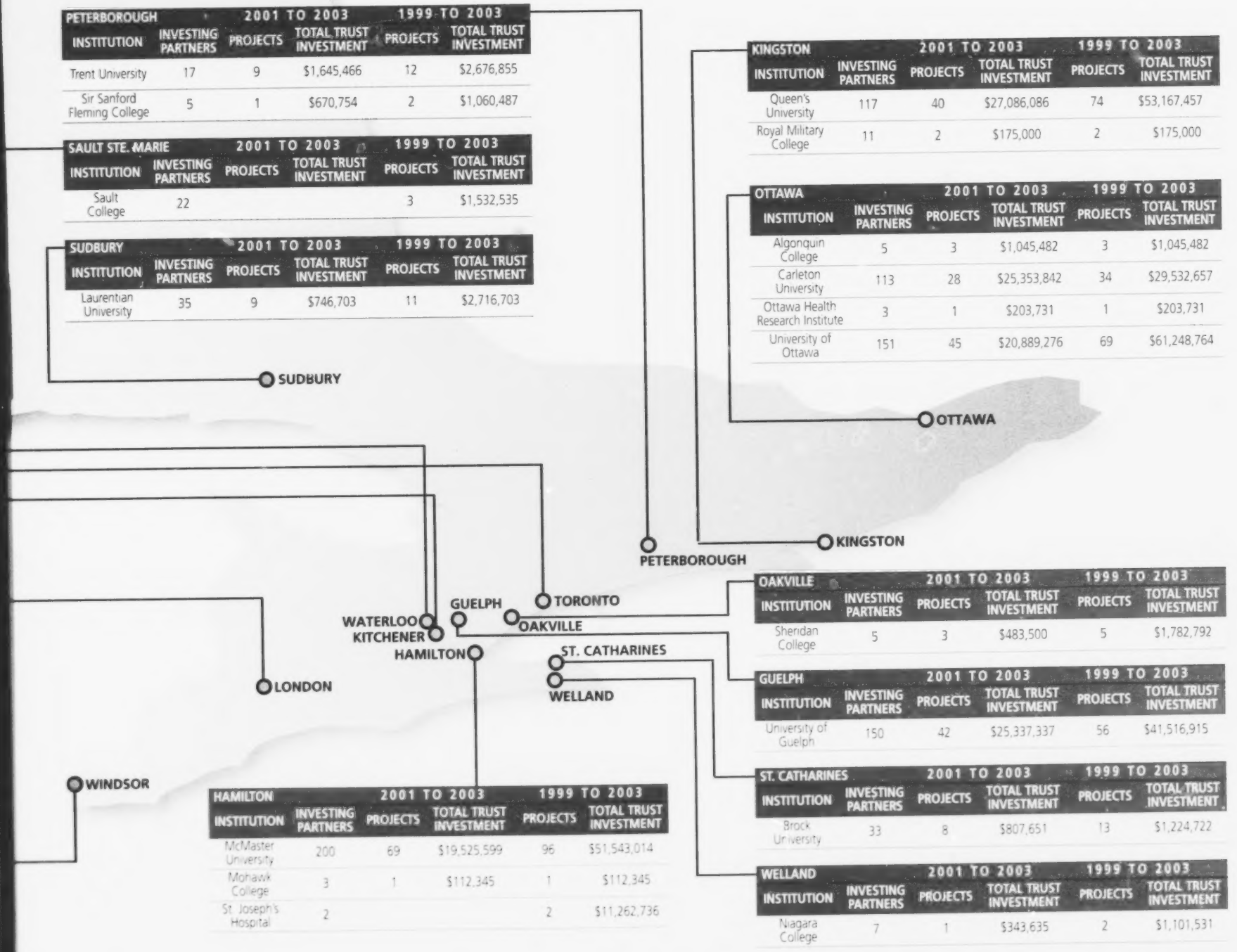
SAULT STE. MARIE

TORONTO		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Baycrest Centre/ Rotman Research Institute	2			1	$10,712,000
Centennial College	4	1	$284,930	1	$284,930
Explorer Research Institute	1	1	$10,000,000	1	$10,000,000
Hospital For Sick Children	3	3	$12,882,938	6	$27,419,507
Samuel Lunenfeld Research Institute	25	1	$8,655,479	3	$11,967,093
Ryerson University	37	15	$1,658,000	19	$2,952,110
Seneca College	7			2	$676,035
St. Michael's Hospital	7	1	$1,835,488	2	$3,520,595
Sunnybrook & Women's College Health Sciences Centre	17	2	$10,761,356	5	$26,561,292
University Health Network	7	2	$10,235,003	5	$28,023,490
University of Toronto	251	121	$52,755,616	181	$143,095,262
York University	107	32	$5,015,205	38	$9,209,017

KITCHENER		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Conestoga College	10	2	$920,648	2	$920,648

LONDON		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Fanshawe College	8			1	$243,320
Lawson Research Institute	3			1	$2,864,000
London Health Sciences Centre	3			1	$2,818,062
London Regional Cancer Centre	2			1	$211,500
Robarts Research Institute	3	4	$8,417,483	4	$8,417,483
University of Western Ontario	170	49	$28,499,638	82	$62,458,819

WINDSOR		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
University of Windsor	39	20	$3,580,649	24	$5,791,044



PETERBOROUGH		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Trent University	17	9	$1,645,466	12	$2,676,855
Sir Sanford Fleming College	5	1	$670,754	2	$1,060,487

SAULT STE. MARIE		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Sault College	22			3	$1,532,535

SUDBURY		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Laurentian University	35	9	$746,703	11	$2,716,703

KINGSTON		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Queen's University	117	40	$27,086,086	74	$53,167,457
Royal Military College	11	2	$175,000	2	$175,000

OTTAWA		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Algonquin College	5	3	$1,045,482	3	$1,045,482
Carleton University	113	28	$25,353,842	34	$29,532,657
Ottawa Health Research Institute	3	1	$203,731	1	$203,731
University of Ottawa	151	45	$20,889,276	69	$61,248,764

OAKVILLE		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Sheridan College	5	3	$483,500	5	$1,782,792

GUELPH		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
University of Guelph	150	42	$25,337,337	56	$41,516,915

ST. CATHARINES		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Brock University	33	8	$807,651	13	$1,224,722

WELLAND		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
Niagara College	7	1	$343,635	2	$1,101,531

HAMILTON		2001 TO 2003		1999 TO 2003	
INSTITUTION	INVESTING PARTNERS	PROJECTS	TOTAL TRUST INVESTMENT	PROJECTS	TOTAL TRUST INVESTMENT
McMaster University	200	69	$19,525,599	96	$51,543,014
Mohawk College	3	1	$112,345	1	$112,345
St. Joseph's Hospital	2			2	$11,262,736

MILESTONES

Current and future impacts of OIT investment.

Measuring the impacts of investment in cutting edge research is a challenge. It can take years just to build facilities, install equipment and attract the right personnel. And only then does the painstaking process of research itself begin.

Still, it's possible even now to see some of the short-term impacts of investment by the Ontario Innovation Trust. Trust-funded initiatives have resulted in the expenditure of over $630 million in construction and renovation—a direct and immediate benefit to the provincial economy. And Trust investments in equipment, labs and facilities have enabled universities, hospitals and other institutions to attract top-tier talent from across Canada and around the world—building Ontario's position as a global leader in research. (See "Build it, and they will come." on page 9.)

As for results from the research itself, early impacts are already becoming apparent and it's possible to glimpse longer-term benefits further down the road.

Here are just a few examples...

INSTITUTION	FOCUS OF RESEARCH INVESTMENT	SHORT-TERM IMPACT	LONG-TERM BENEFIT
Carleton University	Use of computer technology to support and enhance work in collaborative settings	Sprott School of Business is using research facilities to find ways of improving how electronic business is conducted.	Research will lead to new human-machine interfaces that will transform how people interact with technology.
Queen's University	Development of rapid e. coli detection technology	A new Canadian company—Pathogen Detection Systems—has been founded to bring the technology to market.	New detection systems will help avoid drinking water tragedies like the e. coli outbreak in Walkerton in 2002.
University of Toronto	High performance computing	New facilities have made the U of T a Canadian leader in the field, attracting research personnel and private investment.	High performance computer capability will give Ontario industries cutting-edge capabilities in key future growth sectors, including aerospace, pharmaceuticals and environmental research.
University of Waterloo	Detection and treatment of sight-threatening deterioration of the retina due to diabetes	A commercial product has been developed to enhance existing detection procedures.	Research will also have an impact on detection and monitoring of other retinal diseases, including glaucoma and age-related macular degeneration.
McMaster University	New approaches to machining systems, metal forming, polymer processing, robotics, sensors, and control.	A new mill/grind machine for automobile manufacturing is in the final stages of development through a private sector partnership that includes Ford USA.	New manufacturing tools and processes will put Ontario on the leading edge of the aerospace, automotive, and tool, die and mold industries.
Hospital for Sick Children	Advanced cancer research	State-of-the-art facilities have attracted four of the world's leading cancer researchers from the United States.	Gene-based therapies will revolutionize cancer treatment.

Build it, and they will come.

Top-tier facilities attract top-tier people. One of the most important short-term impacts of Trust investments is the ability it gives institutions to attract some of the world's most innovative researchers.

This growing pool of intellectual capital is a major reason for Ontario's increasing reputation as a leader in research.

Here are a few examples of how investments by the Ontario Innovation Trust have played a direct and documented role in bringing the best to Ontario.

INSTITUTION	PERSONNEL IMPACT OF RESEARCH FUNDING
University of Guelph	A total of 363 highly-qualified personnel have joined the university or continue their research there.
McMaster University	Over 100 researchers and post-doctorate fellows, and over 120 graduate students have been recruited from outside Canada.
Queen's University	Approximately 450 graduate students and post-doctoral fellows recruited.
University of Ottawa	49 new researchers and faculty members recruited.

ON THE FRONT LINES OF RESEARCH

Snap-shots of Trust supported projects

The range of OIT-supported research in Ontario is remarkable. Almost 1,100 different projects are pursuing topics as diverse as dark matter and food wrap.

Here are snap-shots of just a few...

Upside down ideas with some up-side outcomes.

Perimeter Institute for Theoretical Physics, Waterloo

To enter the Perimeter Institute in Waterloo is to encounter a world where normal assumptions are turned upside down. Some of the researchers here are dealing with models of the universe that suggest the existence of as many as 11 dimensions.

Up to 70 young scientists, under the leadership of the Institute's principal investigator and Executive Director *Howard Burton*, are working here to push back some of the furthest frontiers of human thought. To maximize the impact of this research, the Institute maintains strong links with several Ontario universities, including Waterloo, Toronto, McMaster, Western, and York. One example is the Institute's relationship and cross-appointments with the University of Waterloo's Institute for Quantum Computing.

This remarkable venture was brought into being by a visionary gift from Mike Lazaridis, co-CEO of Research in Motion (RIM). Mr. Lazaridis has personally committed $100 million, and Jim Balsillie his co-CEO, and Doug Fregin, have committed an additional $10 million each.

Research at the Perimeter Institute is highly theoretical and foundational—but there will be applications. Work being done in the counter-intuitive realm of quantum information theory, for instance, will some day help build computers of immense power.

ONTARIO INNOVATION TRUST INVESTMENT: $5,624,892
TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $21,788,010

PART SCIENCE, PART ART.

VISUALIZATION DESIGN INSTITUTE, SHERIDAN COLLEGE, OAKVILLE

Principal investigator* Avrim Katzman *and his colleagues are combining art and science to take computer visualization to new levels at Sheridan College's Visualization Design Institute.

Using high-performance computers and sophisticated displays, the Institute is making simulations more realistic. Applications include programs that can safely take trainees into hazardous environments like the inside of a nuclear reactor. The entertainment field is also a research focus. A new motion-capture studio at the Institute uses body sensors and six cameras to analyze human movement and apply it to character animation.

ONTARIO INNOVATION TRUST INVESTMENT: $700,000

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $2,069,720

Coming together to fight cancer.

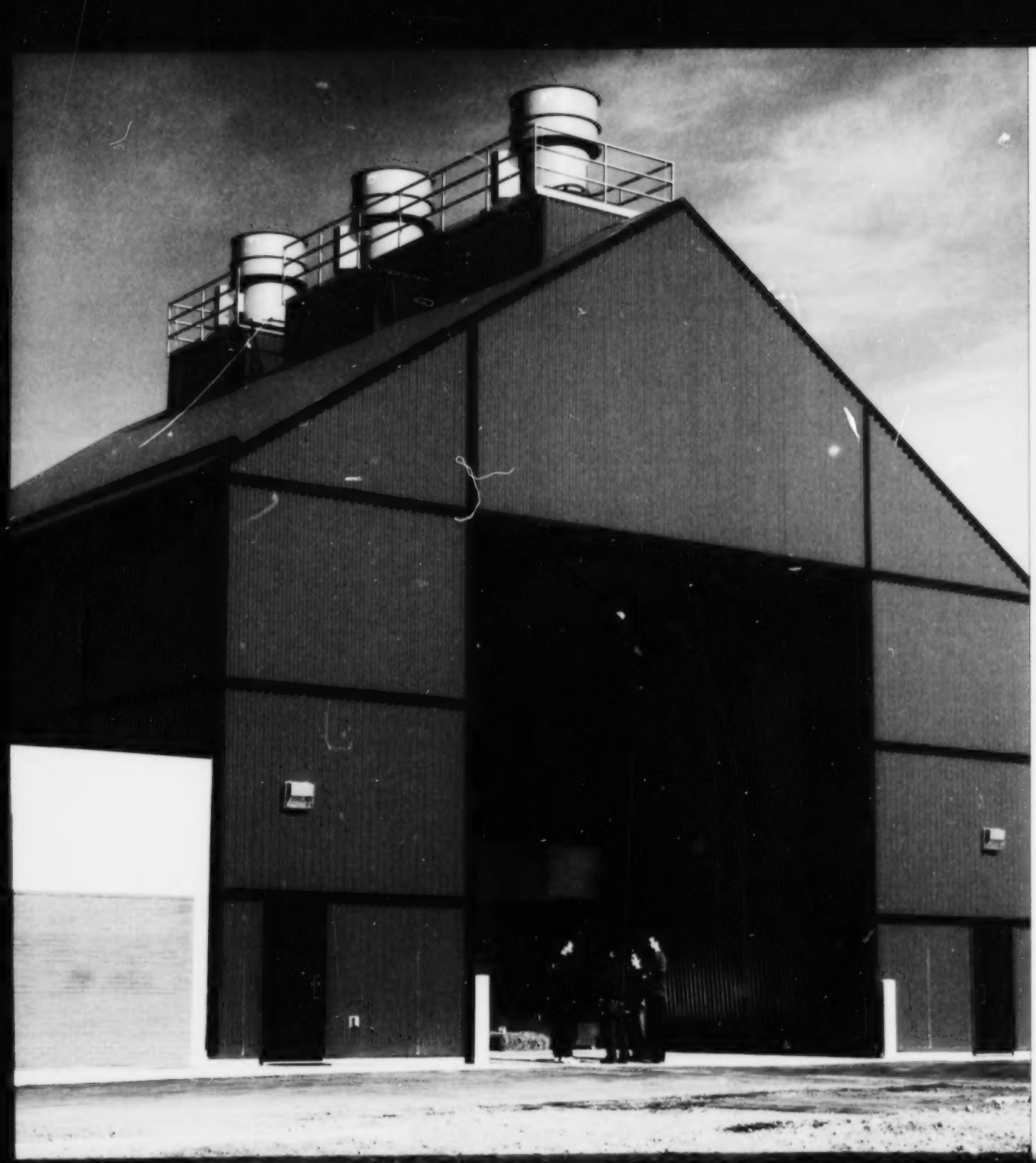
Cancer Research Institute, Queen's University, Kingston

A new facility at Queen's University is bringing together a transdisciplinary research community focused on every aspect of cancer. Under the leadership of principal investigator *Joseph Pater*, the team is looking at biology and genetics, clinical trials, and cancer care and epidemiology.

The fundraising campaign for the Institute was launched in 2001 with a lead gift of $3.8 million from Dr. Elizabeth Eisenhauer, a noted oncologist and researcher at Queen's University. The gift is helping to create both the Edith Eisenhauer Chair in Cancer Research and the Cancer Research Institute Building.

ONTARIO INNOVATION TRUST INVESTMENT: $4,743,600

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $14,000,000



Setting fires for science.

Live Fire Research Facility, University of Waterloo

People have set some pretty big fires in this building. But they've all been in the cause of science—and survival. The Live Fire Research Facility allows researchers to investigate how fires begin and spread through a structure. Scientists can control

the scale of the fire as well as change ventilation and wind conditions to see their effects.

The research, under principal investigator *Elizabeth Weckman*, has led to new insights into fire prevention, detection and suppression, as well as occupational safety for fire fighters.

ONTARIO INNOVATION TRUST INVESTMENT: $2,135,415
TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $5,681,898

CURES FOR CATS—AND MAYBE FOR HUMANS.

PATHOBIOLOGY LAB, UNIVERSITY OF GUELPH

Principal investigator* Dorothee Bienzle *is pursuing research into the feline immune system—one of a variety of research projects into the diseases of domestic and farm animals being conducted at the University of Guelph's pathobiology lab.

Her research could help prevent infection due to feline leukemia virus in cats. But more importantly, it will also shed light on similar infections in humans, including the closely related human immunodeficiency virus that causes AIDS.

ONTARIO INNOVATION TRUST INVESTMENT: $399,976
TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $999,251

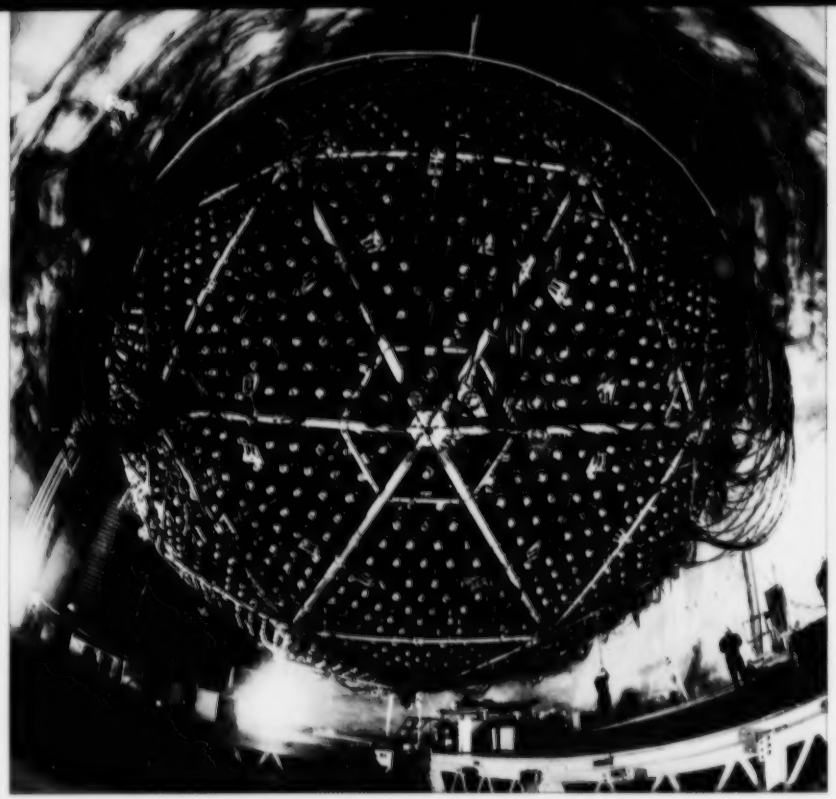


PHOTO COURTESY OF ERNEST ORLANDO LAWRENCE BERKELEY NATIONAL LABORATORY

Solving solar mysteries—two kilometers underground.

Sudbury Neutrino Observatory, Carleton University, Ottawa

The bottom of an abandoned mine may seem an odd pl. ce to study the sun. But the Sudbury Neutrino Observatory is doing breakthrough research on the very make-up of the universe. Using a 12-metre sphere filled with heavy water and surrounded by sensors, the observatory measures solar particles called neutrinos. Its location helps prevent contamination of readings by cosmic radiation.

The underground research program is internationally funded, receiving support from the Canada Foundation for Innovation, the National Sciences and Engineering Research Council of Canada, the US Department of Energy and the UK Particle Physics and Astronomy Research Council. University partners include Carleton, Queen's, Laurentian and Guelph.

Now a new surface lab—supported by the Northern Ontario Heritage Fund Corporation and the Ontario Innovation Trust—is giving researchers fresh data on the cosmos. The new surface infrastructure includes lab space at Laurentian University and a multipurpose on-site facility—all of which will help principal investigator *David Sinclair* and his colleagues tackle the question of what makes up the substance of the universe.

Along the way, the observatory will be producing more down-to-earth results. New technologies to ensure the purity of observatory readings will lead to spin-off applications in medical imaging, water purification and environmental clean up.

ONTARIO INNOVATION TRUST INVESTMENT: $4,821,192

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $10,745,169

Thinking big, working small.

Canadian Photonics Fabrication Centre, Carleton University, Ottawa

It may soon be possible to use beams of laser light to build objects atom by atom. Working that small is just one of the big ideas that can be researched and tested at the new Canadian Photonics Fabrication Centre.

The Centre is being created, with help from an Ontario Innovation Trust investment, and a substantial investment from the National Research Council, to be a resource for Ontario's burgeoning photonics industry. Photonics is the science of generating and manipulating light.

Under the direction of principal investigator *Feridun Hamdullahphur*, the Centre will provide facilities for designing and testing concepts like nano-manufacturing, as well as the

use of highly miniaturized optical systems for less invasive diagnostic and surgical procedures.

The biggest photonics applications, however, are in the fields of ultra-high-speed communications. In this key sector of the global knowledge-based economy, the Centre will enable Ontario institutions and industries to maintain a significant leadership edge. And along the way, the Centre is expected to create an estimated 2,300 jobs over 10 years, and pump an additional $840 million into the Ontario economy.

ONTARIO INNOVATION TRUST INVESTMENT: $10,000,000

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $34,300,000

Hunting down silent killers.

Canadian Research Institute for Food Safety, University of Guelph

Deadly salmonella, e. coli bacteria and other food-related contaminants can be silent and merciless killers. But researchers at the Canadian Research Institute for Food Safety are finding new ways to hunt them down.

Under the direction of principal investigator and Institute Director *Mansel Griffiths*, scientists here are using a variety of high-tech tools to break new ground in food safety. Their research arsenal—provided with help from a Trust investment—includes a Level III containment facility that allows for the safe study of highly toxic substances as well as diseases like BSE—bovine spongiform encephalopathy, popularly known as "mad cow disease."

One cutting edge technology being developed at the Institute involves a plastic wrap that indicates the presence of contaminants in meat or produce—and perhaps delivers a natural antimicrobial substance to kill it. Other initiatives include research on a simple system to test for multiple allergens in food products, and the development of a special wash treatment to prevent bacteria from entering and colonizing the cut surfaces of fresh produce such as lettuce. Result: longer shelf life.

By hunting down silent killers in food—and finding new ways to defeat them—the Canadian Research Institute for Food Safety is helping to build Ontario's global leadership position in the crucial food industry sector.

ONTARIO INNOVATION TRUST INVESTMENT: $2,998,242

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $8,067,968

Drug building in three dimensions.

Molecular Design and Information Technology Centre, University of Toronto

Creating new and effective drugs requires an understanding of how substances interact at the molecular level. And now scientists can "see" that interaction with their own eyes.

At the Molecular Design and Information Technology Centre, researchers are using advanced display and computer technology to create three-dimensional models of drug molecules and their targets and then manipulate those models to see how they repel or bind with each other.

The centerpiece of the facility—funded in part by a Trust investment—is a four-metre wide screen that displays full 3-D imagery to researchers wearing special stereoscopic eyewear.

It's dramatic technology and the applications will be equally dramatic. Principal investigator *Lakshmi Kotra* and his colleagues are using the powerful, yet highly intuitive system to build drugs that are effective against viruses like West Nile. They've also used the system to create the world's first three-dimensional molecular model of an insulin receptor—a crucial tool in on-going diabetes research.

As we develop drugs to deal with age-old illnesses—and evolving new diseases—the Molecular Design and Information Technology Centre will help scientists literally "see" fresh solutions more quickly. And their work will keep Ontario in the forefront of pharmaceutical research.

ONTARIO INNOVATION TRUST INVESTMENT: $2,927,000

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $7,346,933

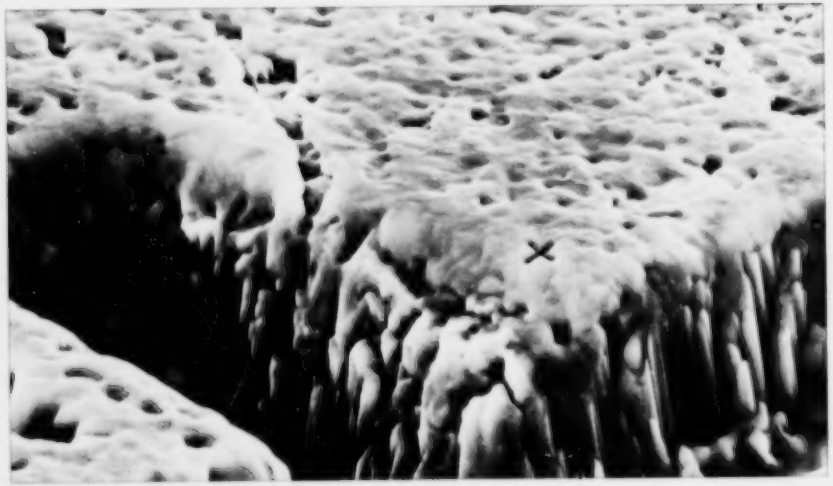
Shrinking chips with ion beams.

Photonics and Nanotechnology, University of Western Ontario, London

When it comes to computer chips, smaller is better. Packing more components onto ever-smaller chips means greater efficiencies in manufacturing—and a wider variety of applications.

Conventional technology uses a lithographic process to "print" circuits and components onto silicon. This approach can produce very dense computer chips, but there are limits to how small the components can be—around 150 nanometers across, using current mass-production techniques. (A nanometer is one-billionth of a metre.)

Principal investigator *Ian Mitchell* of the University of Western Ontario is working to break that barrier by using high-power ion beams to create almost unimaginably tiny structures on computer chips. The process will enable the manufacture of components at tolerances down to 10 nanometers—the width of five or ten atoms.

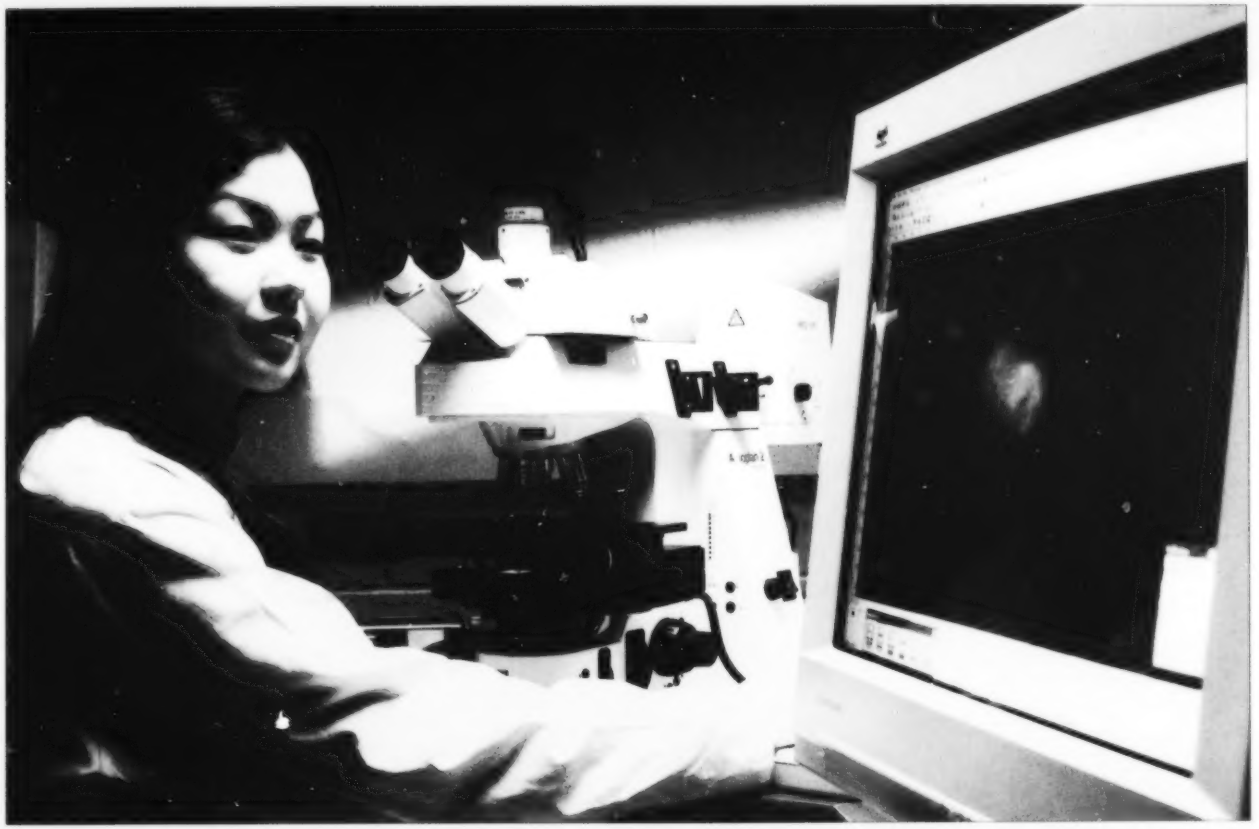


An investment by the Ontario Innovation Trust is helping to provide the sophisticated equipment required to push the technology ahead: two ion accelerators, a scanning electron microscope, ultra-high vacuum chambers, and a 3,700 square-foot "clean room" lab. (A single particle of dust can be thousands of nanometers across.)

In time, this cutting edge research will contribute to the development of a new generation of very small computing devices that can be implanted almost anywhere—clothing, paper, even human skin—resulting a range of uses that will revolutionize daily life.

ONTARIO INNOVATION TRUST INVESTMENT: $3,047,720

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $7,619,260



Living with radiation.

Applied Radiation Sciences Unit, McMaster University, Hamilton

Radiation—in low doses—is a fact of daily life. Medical and nuclear workers are exposed as a consequence of their work, but everyone receives low doses of radiation from a variety of sources, including medical tests, radon gas in soil, and cosmic rays. In the years to come exposure is likely to increase from new sources like environmental waste clean-ups and the decommissioning of nuclear plants and nuclear weapons.

Principal investigator *Doug Boreham* is using new tools at McMaster's Applied Radiation Science Unit to determine the effects of this kind of low dose radiation exposure. A new "microbeam" at the unit—funded with an investment by the Ontario Innovation Trust, is enabling Dr. Boreham and his colleagues to focus ions on a particular target within a cell in order to study radiation effects more accurately.

The research will have a wide variety of applications. It's leading to new insights on the effects of low dose radiation on pregnant women, and could help in developing future guidelines for the protection of pregnant workers. It's laying the groundwork for a process to identify individuals who may have a particular sensitivity to radiation treatment. And it's suggesting ways of using low dose radiation to help extend the lifetime of cancer patients.

As low dose radiation continues to be a part of modern life, Ontario researchers are at the forefront of global research into living with it—and making it work for us.

ONTARIO INNOVATION TRUST INVESTMENT: $288,122

TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $720,306

From tap-water to terrorism: biosensors.

Centre for Applied Biosciences and Biotechnology, University of Toronto

Easy to use "biosensors" have begun to revolutionize diagnostic procedures, from home pregnancy tests to glucose test strips diabetics can use themselves.

With equipment and facilities provided in part through an investment by the Ontario Innovation Trust, scientists at the Centre for Applied Biosciences and Technology are now investigating other biosensor applications. Their work may lead to fast, easy and accurate tests to determine the safety of drinking water; to diagnose strep infections, hepatitis, or even HIV; and to "sniff out" dangerous bacteria or viruses that might possibly be used in a terrorist attack.

Biosensors, however, are only one aspect of research at the Centre. Under the direction of principal investigator *Ulrich Krull*, the Centre is bringing together scientists from a wide range of disciplines to help produce innovative answers to some of biotechnology's most vexing problems.

One groundbreaking area of research involves the use of novel superconducting and magnetic materials in the development of new drugs. Other initiatives include research into combating antibiotic resistant infections, and the use of genetic diagnostics for rapid screening of pathogens.

The results of these projects will help Ontarians live longer and healthier lives. And the research itself will help keep Ontario on biotechnology's cutting edge.

ONTARIO INNOVATION TRUST INVESTMENT: $2,358,983
TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $5,982,000

GIVING EVOLUTIONARY THEORY SOME EXTRA BITE.

SPIDER RESEARCH, UNIVERSITY OF TORONTO

What can spiders that devour their mates tell us about evolution? Plenty, according to researcher* Maydianne Andrade. *Andrade's research involves examining the bizarre behaviour of Australian redbacks, members of the black widow family.

On the surface, the female redback's mate-devouring practices seem at odds with evolutionary theory about what behaviours give a species the best chance to survive. But Andrade's close observations have proven that even this strange example of eight-legged romance just puts a little more bite into Darwin's insights.

ONTARIO INNOVATION TRUST INVESTMENT: $69,998
TOTAL RESEARCH INVESTMENT FROM ALL SOURCES: $174,996

EVALUATING INVESTMENTS

How the OIT chooses its investments.

On the journey from minds to markets, the Ontario Innovation Trust invests in the vehicles, but not the travelers.

Trust investments are made in equipment, scientific collections and specimens, computer software, information databases, communications linkages and other similar property used primarily for carrying on research. The Trust may also provide funding for acquisition, housing, installation and servicing costs related to research infrastructure, as well as for new buildings and modifications to existing structures.

Salaries of research personnel are not funded, but personnel-related funding can be obtained from the Trust's sister organization, the Ontario Research and Development Challenge Fund.

The Ontario Innovation Trust invests only in the projects of non-profit organizations such as research hospitals, universities, colleges or other institutions located in Ontario and capable of carrying out research. For-profit organizations are not eligible, but the Trust considers public/private partnerships.

Most Trust investments are made in projects supported by the Canada Foundation for Innovation. However, the Trust considers unique opportunities on a case-by-case basis.

In looking at each request for funding, the Board of the Trust asks the following questions about the project:

- Will it enhance the province's capacity for innovation, economic growth, health or environmental quality?
- Will it contribute to Ontario's ability to attract and retain, highly qualified research personnel?
- Will it encourage collaboration with the private sector?
- Will it encourage the sharing and efficient use of research infrastructure among and within institutions?
- Will it contribute to Ontario's existing strengths in research?

Finally, the Trust looks at the type and degree of other funding commitments that have been made to the project, the applicant's ability to capitalize on the investment, the ownership and use of the infrastructure, the project's

sustainability, and the cost/benefit relationship.

Only when all these issues have been addressed to the satisfaction of the Board and its panel of peer reviewers is funding provided.

It's a rigorous process, but one that ensures the Trust's investments help make Ontario a global centre for research, and help drive an innovation-based economy by increasing investment and employment.

For a complete and up-to-date list of Ontario Innovation Trust investments visit us at www.oit.on.ca

"The Ontario Innovation Trust and ORDCF have been absolutely essential for revitalizing the discovery and innovation mission of Ontario's universities. These investments are playing an unparalleled role in ensuring that Ontario industries will have access to the leading edge capacity, discoveries and knowledge that will drive the health and competitiveness of this province."

Dr. Alan Wildeman, Vice-President (Research), University of Guelph

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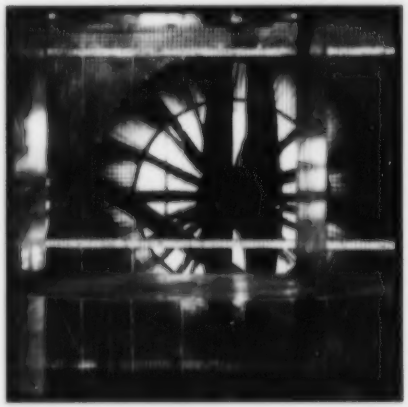
Dr. Alan Wildeman,
Vice-President (Research),
University of Guelph

PARTNERS TO MARKETS

Investments from the private and public sectors



Investing partnerships are central to the Trust's approach to the support of innovation.

Companies and corporations, industry associations, government agencies and foundations all bring their unique resources and expertise to the process, complementing the perspectives of universities and other research institutions.

Here's a list of the nearly 1,000 private and public sector partners involved in research funded by the Ontario Innovation Trust.

Note: These investing partners were identified by applicants. As research projects progress, additional partners will have been added. The Ontario Innovation Trust apologizes to partners who may have been left off this list.

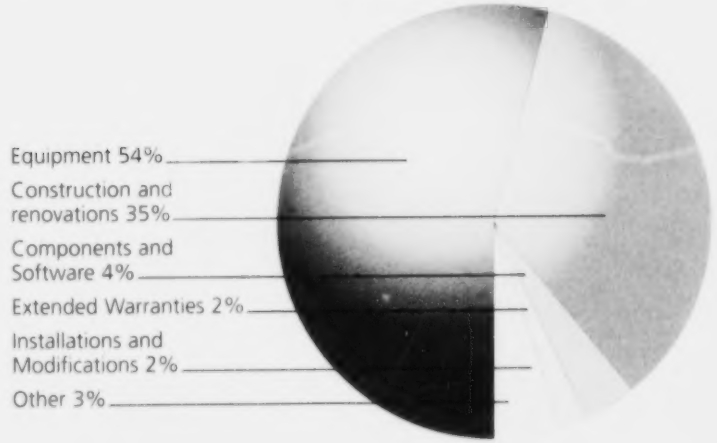
3-Soft
Agriculture, Agri-Food Canada
ABB Bomem
ABB Extrel
ABI - Applied Biosystems
ABS Manufacturing
AC Radiographic
ACA TMetrix
Academic Development Fund
Accelrys
Accunon
AccuScan Instruments
ACS Petroleum Research Fund
Acuson
ADCOM
Adobe
Adrian Brown Consulting Limited
Advanced Biotech
Advanced Presentation Tech
Advanced Sci. Design
AEATechnologies
AeroTech Positioning Systems
Affymetrix
AGCO Allis
AGIE Limited
Agilent Technologies
Agricultural Electronics Corporation
Agronix Incorporated
Air Canada
Alberta Environmental Protection
Alberta Research Council
Alcatel
Alfa Medical
Algorithmics Solutions
Alias/Wavefront
Allentown
Allpatech Industries
Aloka
ALPAC
Alpha Controls
Alpha Technologies
Althexis Essential Therapeutics
Aluminum Company of Canada (ALCAN)
AMA TMetrix
American Sigma Ltd
Amersham Biosciences
Amersham Health
Amphibico
AMS Coherent
Anachemica
Anacom Systems Company
Analogy
Anatech Inc.
AnCare
Anchor Manufacturing Company
ANCO Engineers Inc.
Andec International Services Incorporated
Angel Computers
Anritsu
Ansoft Corporation
Anson Funds
APB
Apollo Photonics
Apple Canada
Applied Biosystems
Applied Electronics Ltd
Aquaneering
Aquatic Habitats
Arbin Instruments
Archibus Inc.
ARISE Technologies Corporation
Arius 3D
Ascend Instruments
Ascension Technologies
ASDI
Ashwarren International
ASI Applied Systems
Astro Med
ATAS
A-Tech Instruments
ATI
Atlantis Scientific
Atomic Energy of Canada Limited (AECL)
ATS RheoSystems
ATS Scientific
Audcomp Computer Systems
Aurora Scientific Inc.
Autoclave Engineering
Aventis-Pasteur
Aviv Instruments
AXIC
Axidata
Axon Instruments
AXYZ Automation
Aymes Medical
Bakers
Balckhauck
Banting and Best Department of Medical Research
Barringer Instruments
BAS
Baycrest Foundation
Bayer
BC Hydro
BD Biosciences
Beckman Coulter
Becton Dickinson
Bell Canada
Betatek
Biacore
BioComp Instruments
Bioetics
BioLog. Inc
Bio-Lynx Scientific
Bionetics Corporation
Bioniche Life Sciences
Bio-Rad Laboratories
Biosense Webster
Biosyntech
Biothermica
Blue Newt Software
BOC Edwards
Bolen Distributing Inc
Botterel Fund
Bowater Pulp & Paper Canada Inc
Brain Innovation
Brill Academic Publishers
Brinkman Instruments
British Columbia Knowledge Fund
Brock Computer Store
Brookhaven Instruments
Brothers
Bruel and Kjaer
Bruker BioSpin
Bruker Canada
Bubble Technologies
Buchanan Forest Products Limited
Buehler Canada
Burleigh Instruments
Burtek Systems Inc.
Bushtukah Out
Buxco Limited
Cadence Design Systems
California Analytical
Calumet College
Cameca (SA)
CAMH Foundation
Campbell Scientific
Campus Computer Store
Canadian Cancer Society
Canadian Forest Services
Canadian Life Technologies
Canadian Pacific Foundation
Canadian Precast Concrete Institute
Canadian Sheet Steel Building Institute
Canadian Space Agency
Can-Am Instrument
Canberra Packard Canada
Cancer Care Ontario
CANMET (Natural Resources Canada)
Canraught New Investigator Fund
Canon Canada
Canon USA
Cansel Survey Equipment
Cardiac Care Network
Cardiff
Carl Zeiss Canada
Carson Group
Cartesian Technologies
CCR
CD Nova
Celestica
Cellomics
Celluform Concrete Systems
Centre Tech Gaz Natural
Centre-Line
Challenge Env
Champion
Change Foundation
Chawkers Foundation
Chromatography Sciences Co
CIAR
CIF Corporation
CIMTEC
Cinequip
Ciphergen
CIPI

Circusoft
Cisco Systems Canada
Clark-MXR
ClearTech Industries
Climatic Testing Systems
Clinton Electronics Corporation
CNC Engineering
Cogent Corporation
Cognos Inc
Coherent Incorporated
Columbus Instruments
Comercial Photocopy
Communication and Information Technology Ontario (CITO)
Compudata Systems
Compusense
Computer Hardware Services (CHS)
Computer Shop
CONAC Software Corporation
CONACYT-Mexico
Conductus Incorporated
Conestoga-Rovers & Associates
Consortium
Constant Temperature Corp
Continuum Lasers
Convergent Bioscience
Convirons
Core Microsystems
Correlator.com
CosMos
COURSE
Coventor
CR Younger Found
Crist Instruments
Criticare System, USA
CRS Automated Solutions
CSC Chromatography
CSIRO
CTI Molecular Imaging
CWS
Dach Asociates, UK
Daimler Chrysler Canada
DAKO Diagnostics
Dalmar Instruments Inc
Dantec
Dap Technologies
Dapanniet Inc
Data Description
Datacomp Scientific
Defence Research Establishment
Dell Computers
Dell/Hewlett Packard
Delta Med
Diamed AG
Diamond and Schmitt
Diatek
Digital Instruments
Digital Technology Associates
Dionex
Discovery Diagnostic
DNA Star
Ducks Unlimited Canada
Dumanski
Dunlop Architects
Duo Communication of Canada Limited
Dupont Canada
Dynamix Systems
ECOS, Japan
Edcom Multimedia
EGI
EISCA
Elcan Otical Tech
Elections Canada
Electrical Geodesics, Inc
ElectroLab
Electro-Medical Institute
ElectroSonic
Eli Lilly Canada
Elkom North America
El-Mar Incorporated
Empirisoft
Emprix Imaging
Enconair
Endoscope
Engin Seismology Grp
En-Pls Inc
Entrust Incorporated
Environics Research
Epson
ESBE Scientific
ESI/Standard Systems Intl
ESPEC
ESRI Canada
European Space Agency (ESA)
Exactatherm
EXFO Burleigh
EXFO Electro Optical Engineering
EXFO Photonics Solutions
Exploration Outfitters
Extreme Networks
Exxon Chemical
Fagnou
Fakespace Systems
Falconbridge Limited
Fibics Inc
Filamatic
Fine Scientific Tools
Fire Testing Technology
Fisher Biotech
Fisher Hamilton
FLIR Systems Canada
Float N Flag
FM Systems
Folio Instruments
Ford
Foss North America
Fowler Kennedy Clinic Trust
Foxboro Canada
Fox-Tek
Free University, Berlin
Friends of McMaster Inc
Fugi Medical Systems
Fund Mar Avacucho-Venezuel
Gamble Technologies
Garden Club of Toronto
Garden Instruments
Gatan Soquelec
GDS
GE Medical Systems (GEMS)
Gemco
Gemini Positioning Systems Limited
GeneMachines
Generation 5
Genetic Microsystem
Gennum Corporation
Geological Survey of Canada
Geonics Limited
GeoSpatial Timberline
Geostat
GER-HI-RES
German Federal Government
Gerstel
GG Hatch Isotope Laboratory
Gibsons Sound and Vision
Giga-Tron
GlaxoSmithKline (GSK)
Global G.A.D.
GN Nettest Canada
GR Younger Foundation
Green Municipal Investment Fund
Group4 Technologies
GroupSystems.com
Growing Panes Glassworks
Growsafe Systems
Guelph Food and Technology Centre (GFTC)
Guelph Utility Pole Company Limited
GW/Vingmed
Hagen
Haliburton Forest
Halltech
Hamamatus
Hamilton Heath Sciences Corporation
Hamilton Regional Lab Med Prog
Hand & Upper Limb Center (University of Western)
Handshake Interactive Technologies
Hanoun Limited
Harvard Apparatus
Harvard University
Heart and Stroke Foundation of Ontario
Heavy Construction Association of Toronto
Hegermonic
Heidenhain Corp
Helios/Oceana
Henderson Research Centre
Henrys
Hewlett Packard Company (Compaq)
Hilferdine Scientific
Hitachi
HKL Technology
Holohil Systems
Honeywell Canada
Horiba
Hoskins Scientific
H-Power Enterprises
Human Resource Development Canada
Humber Student Federation (HSF)
Huntsman
HVS Image
Hydrogenics
IBB Rheology
IBM Canada Limited
iDesign Solutions
Imagenius
Imaging Research Inc
Imetronic
Immersion Studios
Impulse Systems
Inco Limited
Inflatables
Informax
Infrared Laboratories
InMotion Technologies
Innovation Technology
Innovative Magnetic Resonance Imaging Systems (IMRIS)
Innovative Sports Training
Innovision
INSIGNIA Solutions
Instec, Incorporated
Instron Canada
Insurance Corporation of BC
Intavis
Integrated Measurement Systems
Intel Corporation
Intelvac
Interfax Canada
Intergraph Geomedia
Interlaken
International Development Research
International Mechatronics Systems
Intersense Incorporated
InterTechnologies
Intronix Technologies
Ionics/Sievers
Ion-TOF
IPG Photonics
IRobot (Real World Robots)
Iron Fusion, Ontario
Island Corporation
Isomass Scientific
Itasca Limited
IXIA
J.P. Bickell Foundation
Jack A. Frost Limited
Jali Medical Incorporated
Jamesway Incubator
Janis Research
Japanese Science and Technology
J[illegible] Incorporated
JDS Uniphase Corporation
Jeol Canada
JKL Micro
JMC-COSMED
Johanson Innovations
Johnston Ultravec
Jordair
JTech Medical
Juniper
Kaijo Corporation
Kevin Burke Fund
Kheops Technologies Incorporated
Kintek
Kipp & Zonen
Kistler
Kistler Inc
Kodak Canada
Kopf Instruments
KQ corporation
Kratos Analytical
Kurt J. Lesker Company
KVH Industries
Kx Systems
L Oreal/Startup Fund
Lab Products, Incorporated
Labcor
Lakeside Controls
Lambda Physik (USA)
Laval Lab Incorporated
LC Tech Services
Leco Instruments
LECO Instruments
Leica Canada
Leistritz Corporation
Leitch Technology Corporation
LH Systems LLC
LHSC/RRI
Liburdi Engineering
LiDCO Limited
Lifetronics Medical
Light Machinery
LIS
LMI 3D Machine Vision
London Scientific
Lord Corporation
Lordly Jones Limited
Lotek Wireless
Louisianna Pacific
LSM Technologies
Lucent Technologies
Macintosh Canada
MagiQ Technologies,
Magnetic Measurements
Mainline
Maltron Incorporated
Malvern
Mandel Scientific
Manleys Basics
Man-Tech
MapInfo Corporation Canada
Maple Instruments
Maple Leaf Agresearch
Maple Lodge Farms
MAR Research
March Networks
Mars Food Limited
Marsh McBirney Inc
Mass Multimedia
Massive Die-Form
Materials and Manufacturing Ontario (MMO)
Matrix Vision
Maury
Maxxam Analytics
Mayhew
Mayo Clinic
MBraun
McAllister Funds
McDavis
McFarland Audio
MDS Sciex
Measurand Incorporated
Mechanical Dynamics
Med Associates
Mediacom
Medi-Man Rehabilitation
Medimmuni
Medisoft
Medoc Advanced Medical Systems
Medtronic/Endocardial Solutions
Melles Griot
Merck Frosst Canada Limited, Kirkland
Meridian Scientific
Meteoroligical Service of Canada
Metro Toyota
MFC Research Contract
MGP Information Systems Limited
Micralyne
Microage
MicroCal
MicroLas Lasersystems
Micromass
Micrometrics
Micro-Optics
Microsoft Corporation
Microthermics
Microway
Middlesex-London Health Unit
Millenium Technologies International
Miltenyi Biotech
Mini-Mitter Co
Mirarco/ELRFS
MISCO
Mitel Corporation
MJ Instruments Sales Company
MJ Research Inc
mmWave Technologies
Moffat Kinoshita Architects
Molecular Devices
Molecular Imaging
Molecular Metrology
Molecular Simulations
Molecular Structure Corporation
Monopros Limited Canada
Montreal Biotech
Moor Instruments
Morpho-Tech
Motion Analysis Corp
Motionwatch
MPB Technologies Inc
MRTechnologies
MRV Communications
MSI

MTS Intertechnology
MTS Systems
MTSCorporation
Muirheads Basics
Multigon Industries
myNeuroLab.com
Mynix Technology
Myricom
Myrinet
Namox Incorporated
Nanometrics
Nanonics/SFR
Nanovation Technologies
NARSAD and NIMH
NASA - Johnson Space Center
National Electrostatics Corp
National Instruments
National Research Council (NRC)
National Sanitorium Foundation
National Science Foundation (USA)
NEC CPU
NEDO
Neocera/LamdaPhysik
NetTest Canada
Network Centre of Excellence
Netzech
Neuro Scan Labs
Neuroceptor
NeuroScan Labs
Neurotron
New Focus Incorporated
New Metals & Chemicals, Japan
Newark Electronics
Newport Instruments Canada
NICHHD
NienKamper
NIH
Nikon Canada Inc.
Nitro Microsystems and HP
NK Biotechnical
NOHFC
Noldus Information Technology
Noraxon
Nortech GSI
Nortel Networks
North Carolina State University
Northern Digital
Northstar Medical Systems
Novatech
Novel Dynamics
Novint Tech. Inc
NRC
NSERC
NTT Photonics Laboratories
Nuaire
Nucletron Canada
NuDaq
Oak Ridge National Laboratories
Object Workshops
OceanOptics/Gamble Technologies
OFR
Ohio Lumex
OHRI
Oldham and Robinson
Olympus/Carson Group
Omicron
OMM
OMNR Geomatics Section
Onix Lazer
Ontario Cattlemen's Association
Ontario Forest Industry
Ontario Living Legacy Trust
Ontario Mental Health Foundation
Ontario Power Generation
Onward Computer Systems
OPNET Technologies
Optikon
OptiWave
Optocom
Optotrak
Opus Automation
Oriel/Gamble Technologies
Oriental Scientific Instruments
Origin
ORTECH Environmental
Orthopedic & Arthritic Foundation
Osmonics
Ottawa Regional Cancer Centre undation
Quorum Technologies
Ovantum
Oxford Instruments
Parmalat Canada
Paroscientific Inc.
Parr Instruments
Passat Limited
Pattern Discovery Software Incorporated
PCI
PE Biosystems
Peak Motus
Peak Performance Technologies
Perkin Elmer
Pfizer Canada
Pharmacia
Phelps Dodge Mining
Philips Electron Optics
Phillips - FEI
Phillips Medical Systems
Phoenix Geophysics
Photon Technology International
Photonics Research Ontario (PRO)
Placer Dome
Plexon Incorporated
PointGrey Research
Polycontrols
Polytech-PI Inc.
PowerSim Technology
Primate Products
Primm Labs
Princess Margaret Hospital Foundation
Princeton Instruments
PriTel
Process Products
Procor Limited
Procyon Biopharma
Prospect Scientific
ProSum Solutions
Protein Solutions
PTI Incorporated
PUC Incorporated
Qiagen
QIAGEN
QNX
QPR Systems AB
Q-sense
Qualitytest International
Qualix Direct Inc
Qualtech Systems
Quanser
Quantum Designs
Quarry Communications
Quesant
Quintron
Quorum Technologies
Raindrop Geomagic
Region of Waterloo
Regional Municipality of Hamilton-Wentworth
Reko Machine Builders
Relion Industries
Remspec Incorporated
Renishaw
Research Corporation
RHC and Associates
RHK Technologies
Rigaku
Rigaku MSC
Roche-Diagnostics
Rockwell Automation
RocScience Incorporated
Rofin-Sinar
Rogers Cable
Rogue Research
Ronin Consulting Services
Rose Scientific
Rotman Family Foundation
Roxon Medi-Tech
Royal Ontario Museum
RSoft Inc
RTDS Technologies, Winnipeg
RWDI
Ryobi Die Casting (USA)
Sable Systems
Safe Software
Saint Marys Pulp and Paper Limited
Sapphire Instruments
Saudi Arabia Government
Scanco
Scanditronix-Wellhofer
Schering Canada
Science Imp.
ScienceTech

Scientific Imaging Technologies
Scientific Instruments
Scientific Products and Equipment
Sciex
Sci-Med Incorporated
Scintrex Earth Science
SCP Science
Sea & Sea
Seal
Seimens Canada
Sensible Technologies
SensoMotoric Instruments
Sensor Technologies
Sensors and Software
Sevets
SFR
SG Power
Island Corporation Canada
ShapeGrabber
Shapetape
Shelley Medical Imaging
Shwachman Diamond Canada
Siemens Canada
Sievers/Ionics
Sigmacon
Silicon Graphics Inc. (SGI)
Silicycle
Silvaco Data Systems
Singer Instruments
Skycan
SmarterKids Foundation
SMS Machine Tool
SOCC Optoelectronics (USA)
Softchoice Corp
Software Vendors
Solinst Canada Ltd
Soltek Powersource Ltd
Sonometrics Corporation
Sony Canada
Soquetec
South Bay Tech
Southwest Sun
Spatial Geo-Link Limited
Specialty Equipment
Specs Gmbh
Spectra Research Corporation
Spectral Dynamics
Spencer Foundation
Spotfire
SPSS Incorporated
Spyn, Incorporated
SR Research
SRI Instruments
SSEF
ST Microelectronics
St. Josephs Hospital Foundation
St. Michaels Hospital Foundation
Standard Imaging
Standford Research Systems
Stantive Solutions
Starkey, Avaaz
Start-up Grant, Eric Croiset
Statistics Canada
Stealth Computers
Stens Corporation
Steris Canada
Steves Music
Stoelting
Stratasys Incorporated
Stratogene
Structural Genomics Consortium
Sumitomo Electronic USA Incorporated
Summit Technologies
Sun Microsystems
Suncor Energy Foundation
Support Systems
Sutter Institute
SVT Associates
Swiss Instrument Limited
Syntest Technologies
Systems for Research
T&T
TA Instruments
TD Canada Trust Bank
Technel
Teknion
Tekniscience
Tektronix Canada
Telus
Terraplus Incorporated
Test Equity
Test Force
Testing Machines Inc
Tetra Pak Canada
Texas Instruments
Thar Designs
The C3 Group
The Centre for Addiction & Mental Health
The Drafting Clinic
The MathWorks
The Pump Works
Thermo Finnigan
Thermo Instruments
Thermo Mat Characterization
ThermoFinnigan
Thermomicroscope
Thiessen Team Manufacturing
Timber Specialities
Titles Microcentre
Topcon Canada
Toronto Atmospheric Fund
Toronto Road Builders Association
TorroVap Ltd
Toxin Alert
TransCan
Transim
Transition Technologies
Trilon Quality Systems
Tripos Incorporated
TRIUMF
Trudell Medical International
TSI Incorporated
TurboSonic
TVO
Tyco Healthcare
U.S. EPA
U.S. Office of Naval Research
UBC Blusson
Ultramar Canada
Unidata
Unilever Group
Uniroyal Chemical
Unitec-Horton
United Grinding Tech
Unitek-Miyachi
Universal Laser (CES)
Upton and Sullivan
USDA
USDOE
USE Hickson Building Products Limited
USFT
UVP Bioimaging Systems
Varian Incorporated
Varian Vacuum Technologies Ltd
VC Scientific
Vendor Discounts
Ventana
Verifia
Vicon Incorporated
Videoscope
Videoworks
Viromart Limited
Virtek Laser Systems
Vir-Tis
Virtual Micro
Viscotek Corporation
Visible Genetics
Vistek
Vonsovici Consulting
VP Research
VRP Web Technologies
VWR International
VWR/Applied Biosystems
Wale Apparatus
Wards Automotive
Waterline Limited
Waters Chromatography
Waters Limited
Westaim Corporation
Weston Bakeries
Wetec
Whitaker Foundation
Windsor Metropolitan Hospital
WipWare
Wolfram Research
Wyatt Technologies
Xerox Corporation
Xerox Research Centre of Canada (XRCC)
Xilinx Corporation
XL Resonance
Xymotech
Yolles Group
Zanini Developments
Zeidler Grinnell Partnership, Architects
Zeiss Canada
Zeiss Empix Imaging
Zeton Inc
Zygo Corporation
Zymark

How the Research Institutions Allocate Investments



FINANCIAL STATEMENTS

Year ended March 31, 2002

PKFHill
CHARTERED ACCOUNTANTS

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Toronto, Ontario
Canada M3B 2S6
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www.pkfhill.com

Auditors' Report

To the Directors of
Ontario Innovation Trust

We have audited the non-consolidated balance sheet of **Ontario Innovation Trust** as at March 31, 2002 and the non-consolidated statements of operations and capital, changes in capital, and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles except that they are prepared on a non-consolidated basis as explained in note 1.

PKF Hill LLP

July 11, 2002

A member firm of PKF International Association

Non-Consolidated Balance Sheet as at March 31, 2002

	2002	2001
ASSETS		
Current assets		
Cash	$ 259,887	$ 21,745
Accrued interest receivable	-	4,407,399
Accounts receivable	83,923	195,451
Prepaid expenses	5,560	233,536
Short-term investments	576,606,751	670,108,424
Current portion of due from Innovation Institute of Ontario (note 3)	80,000	-
	577,036,121	674,966,555
Due from Innovation Institute of Ontario (note 3)	320,000	-
Capital assets (note 4)	81,878	140,816
	$ 577,437,999	$ 675,107,371
LIABILITIES AND CAPITAL		
Current liabilities		
Accounts payable and accrued liabilities	$ 115,391	$ 402,019
Due to Innovation Institute of Ontario	481,955	-
	597,346	402,019
Capital		
Invested in capital assets	81,878	140,816
Restricted for approved grants (internally restricted)	204,311,548	245,990,763
Unrestricted	372,447,227	428,573,773
	576,840,653	674,705,352
	$ 577,437,999	$ 675,107,371

Non-Consolidated Statement of Operations and Capital Year Ended March 31, 2002

	2002	2001
Revenue		
Interest income	$ 25,561,058	$ 34,932,495
Rental income	-	12,000
	25,561,058	34,944,495
Expenses		
Consulting and management services	1,019,366	805,947
Service fees paid to Innovation Institute of Ontario	436,078	-
Investment and custody services	399,504	501,039
Salaries and benefits (note 5)	365,933	216,269
Contribution to Innovation Institute of Ontario (note 6)	250,000	-
Office and general	135,638	128,828
Rent	123,379	62,260
Professional fees	74,862	57,789
Amortization	66,073	63,964
Travel	43,336	62,740
	2,914,169	1,898,835
Excess of revenue over expenses	22,646,889	33,045,660
Sponsor contribution from the Government of Ontario, Ministry of Energy, Science and Technology	-	500,000,000
Eligible project disbursements	(120,511,588)	(116,597,201)
Increase (decrease) in capital during the year	(97,864,699)	416,448,459
Capital, beginning of year	674,705,352	258,256,893
Capital, end of year	$ 576,840,653	$ 674,705,352

Non-Consolidated Statement of Changes in Capital
Year Ended March 31, 2002

	2002				2001
	Invested in Capital Assets	Restricted for Approved Grants (Internally Restricted)	Unrestricted	Total	Total
Capital, beginning of year	$ 140,816	245,990,763	428,573,773	$ 674,705,352	$ 258,256,893
Excess (deficiency) of revenue over expenses	(66,073)	-	22,712,962	22,646,889	33,045,660
Sponsor contribution	-	-	-	-	500,000,000
Purchase of capital assets	7,135	-	(7,135)	-	-
Grants approved	-	78,832,373	(78,832,373)	-	-
Eligible project disbursements	-	(120,511,588)	-	(120,511,588)	(116,597,201)
Capital, end of year	$ 81,878	204,311,548	372,447,227	$ 576,840,653	$ 674,705,352

Non-Consolidated Statement of Cash Flows
Year Ended March 31, 2002

	2002	2001
Operating activities		
Excess of revenue over expenses	$ 22,646,889	$ 33,045,660
Eligible project disbursements	(120,511,588)	(116,597,201)
Add item not involving cash - amortization	66,073	63,964
	(97,798,626)	(83,487,577)
Net change in non-cash working capital		
Accrued interest receivable	4,407,399	(3,979,999)
Accounts receivable	111,528	(195,451)
Prepaid expenses	227,976	(227,976)
Accounts payable and accrued liabilities	(286,628)	344,230
ue to Innovation Institute of Ontario	481,955	-
	4,942,230	(4,059,196)
Cash flows from operating activities	(92,856,396)	(87,546,773)
Financing activities		
Sponsor contribution and cash flows from financing activities	-	500,000,000
Investing activities		
Capital assets purchased	(7,135)	(113,832)
Short-term investments	93,501,673	(412,360,674)
Due from Innovation Institute of Ontario	(400,000)	-
Cash flows from investing activities	93,094,538	(412,474,506)
Net increase (decrease) in cash position during the year	238,142	(21,279)
Cash, beginning of year	21,745	43,024
Cash, end of year	$ 259,887	$ 21,745

Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2002

1. Purpose and Creation

The Ontario Innovation Trust ("the Trust"), an inter-vivos trust, was created on March 31, 1999. The Trust was sponsored by the Government of Ontario, Ministry of Energy, Science and Technology. However, as part of the terms of the trust agreement, the Government of Ontario is precluded from amending the trust agreement or exercising control over the Trust. The object of the Trust is to grant funding for qualifying projects that increase the capacity to conduct important, high quality research in Ontario. Eligible recipients are Ontario hospitals, universities, community colleges, and non-profit organizations that carry on (or in the opinion of the Board are capable of carrying on) research.

On April 27, 2000, the board approved the creation of the Innovation Institute of Ontario ("IIO"). While the IIO is a subsidiary of the Trust, it has not been consolidated in these financial statements.

The IIO was incorporated under the Canadian Corporations Act without share capital by letters patent dated June 13, 2000. The IIO was incorporated as a not-for-profit organization and is, therefore, exempt from income taxes.

The IIO provides client support, proposal assessment, financial services, communications, public relations assistance, administrative and related support services and expertise to the Ontario Innovation Trust, The Ontario Research and Development Challenge Fund of the Ministry of Energy, Science and Technology and other organizations or groups with similar objects on a not-for-profit basis.

The following are the balances of the IIO for the years ended March 31:

	2002	2001
Assets	$ 2,008,462	$ 715,476
Liabilities	1,323,482	448,894
Net assets	684,980	266,582
Revenue	3,382,951	684,122
Expenditures	2,964,553	417,540
Cash flows from operating activities	(234,675)	623,728
Cash flows from investing activities	(701,759)	(356,320)
Cash flows from financing activities	660,187	-

2. Summary of Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates.

Short-term investments

Short-term investments are recorded at cost. Investments include term deposits, money-market funds, and bankers acceptances. Market value approximates cost.

Capital assets

Capital assets are recorded at cost. The Trust provides for amortization at annual rates which are expected to amortize the cost of capital assets over their estimated useful lives on a straight-line basis, as follows:

Leasehold improvements - Life of the lease
Furniture and equipment - 5 years
Computer equipment - 3 years

Capital is comprised of the following components:

(a) Invested in capital assets

Invested in capital assets represents the net book value of capital assets less any indebtedness thereon.

(b) Restricted for approved grants (internally restricted)

When eligible project funding is approved, the related capital is transferred from unrestricted capital to capital restricted for approved grants. Eligible project disbursements, in accordance with the terms of the grant, are charged to capital restricted for approved grants.

(c) Unrestricted

Unrestricted capital includes sponsor contributions and the excess of revenue over expenses of the Trust.

3. Due From Innovation Institute of Ontario

The amount due from IIO is non-interest bearing, repayable in annual instalments of $80,000, maturing March 31, 2007.

4. Capital Assets

Capital assets consist of the following:

	2002			2001
	Cost	Accumulated Amortization	Net	Net
Leasehold improvements	$ 8,825	6,128	$ 2,697	$ 5,638
Furniture and equipment	40,081	15,845	24,236	30,236
Computer equipment	165,347	110,402	54,945	104,942
	$ 214,253	132,375	$ 81,878	$ 140,816

5. Salary Disclosure

Salaries in excess of $100,000 include:

	2002	2001
David Bogart	$ 111,000	$ 110,000

6. Contribution to Innovation Institute of Ontario

During 2002, $250,000 was contributed to IIO to fund the leasehold improvements at 149 College Street.

7. Subsequent Events

As part of the Ontario Government address on June 17, 2002, the Trust was awarded a sponsor contribution of $300,000,000. As at the audit report date, this amount has not been received.

Subsequent to year end, the Board authorized an expenditure of up to $2,000,000 to study a cancer research initiative.

FINANCIAL STATEMENTS

Year ended March 31, 2003

PKFHill

Auditors' Report

To the Directors of
Ontario Innovation Trust

We have audited the non-consolidated balance sheet of **Ontario Innovation Trust** as at March 31, 2003 and the non-consolidated statements of operations and capital, changes in capital, and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles except that they are prepared on a non-consolidated basis as explained in note 1.

PKF Hill LLP

May 29, 2003

Non-Consolidated Balance Sheet as at March 31, 2003

	2003	2002
ASSETS		
Current assets		
Cash	$ 471,083	$ 259,887
Accounts receivable	14,766	83,923
Prepaid expenses	22,415	5,560
Short-term investments	478,589,376	576,606,751
Due from Innovation Institute of Ontario (note 3)	80,000	80,000
	479,177,640	577,036,121
Due from Innovation Institute of Ontario (note 3)	240,000	320,000
Capital assets (note 4)	23,451	81,878
Due from Government of Ontario (note 5)	300,000,000	-
	$ 779,441,091	$ 577,437,999
LIABILITIES AND CAPITAL		
Current liabilities		
Accounts payable and accrued liabilities	$ 126,850	$ 115,391
Due to Innovation Institute of Ontario	472,298	481,955
	599,148	597,346
Capital		
Invested in capital assets	23,451	81,878
Restricted for approved grants (internally restricted)	325,718,808	204,311,548
Unrestricted	453,099,684	372,447,227
	778,841,943	576,840,653
	$ 779,441,091	$ 577,437,999

Non-Consolidated Statement of Operations and Capital (Note 5) Year Ended March 31, 2003

	2003	2002
Revenue		
Interest income	$ 14,722,737	$ 25,561,058
Expenses		
Cancer Initiative Working Group (note 6)	819,810	-
Structural Genomics Consortium (note 7)	65,252	-
Service fees paid to Innovation Institute of Ontario	668,750	666,192
Consulting and management services	654,527	989,433
Investment and custody services	425,952	399,504
Salaries and benefits (note 8)	364,223	365,933
Office and general	95,515	68,188
Amortization	67,309	66,073
Professional fees	34,260	50,940
Travel	23,615	43,336
Board and committee	20,804	14,570
Contribution to Innovation Institute of Ontario (note 9)	-	250,000
	3,240,017	2,914,169
Excess of revenue over expenses	11,482,720	22,646,889
Sponsor contribution from the Government of Ontario, Ministry of Energy, Science and Technology (note 5)	300,000,000	-
Eligible project disbursements	(109,481,430)	(120,511,588)
Increase (decrease) in capital during the year	202,001,290	(97,864,699)
Capital, beginning of year	576,840,653	674,705,352
Capital, end of year	$ 778,841,943	$ 576,840,653

Non-Consolidated Statement of Changes in Capital
Year Ended March 31, 2003

	2003				2002
	Invested in Capital Assets	Restricted for Approved Grants (Internally Restricted)	Unrestricted	Total	Total
Capital, beginning of year	$ 81,878	204,311,548	372,447,227	$ 576,840,653	$ 674,705,352
Excess (deficiency) of revenue over expenses	(67,309)	-	11,550,029	11,482,720	22,646,889
Sponsor contribution	-	-	300,000,000	300,000,000	-
Purchase of capital assets	8,882	-	(8,882)	-	-
Eligible project disbursements	-	(109,481,430)	-	(109,481,430)	(120,511,588)
Grants approved	-	230,888,690	(230,888,690)	-	-
Capital, end of year	$ 23,451	325,718,808	453,099,684	$ 778,841,943	$ 576,840,653

Non-Consolidated Statement of Cash Flows
Year Ended March 31, 2003

	2003	2002
Operating activities		
Excess of revenue over expenses	$ 11,482,720	$ 22,646,889
Sponsor contribution	300,000,000	-
Eligible project disbursements	(109,481,430)	(120,511,588)
Add item not involving cash - amortization	67,309	66,073
	202,068,599	(97,798,626)
Net change in non-cash working capital		
Accrued interest receivable	-	4,407,399
Accounts receivable	69,157	111,528
Prepaid expenses	(16,855)	227,976
Accounts payable and accrued liabilities	11,459	(286,628)
Due to Innovation Institute of Ontario	(9,657)	481,955
	54,104	4,942,230
Cash flows from operating activities	202,122,703	(92,856,396)
Financing activities		
Due from the Government of Ontario	(300,000,000)	-
Cash flows from financing activities	(300,000,000)	-
Investing activities		
Capital assets purchased	(8,882)	(7,135)
Short-term investments	98,017,375	93,501,673
Due from Innovation Institute of Ontario	80,000	(400,000)
Cash flows from investing activities	98,088,493	93,094,538
Net increase in cash position during the year	211,196	238,142
Cash, beginning of year	259,887	21,745
Cash, end of year	$ 471,083	$ 259,887

Notes to Non-Consolidated Financial Statements
Year Ended March 31, 2003

1. Purpose and Creation

The Ontario Innovation Trust ("the Trust"), an inter-vivos trust, was created on March 31, 1999. The Trust was sponsored by the Government of Ontario, Ministry of Energy, Science and Technology. However, as part of the terms of the trust agreement, the Government of Ontario is precluded from amending the trust agreement or exercising control over the Trust. The object of the Trust is to grant funding for qualifying projects that increase the capacity to conduct important, high quality research in Ontario. Eligible recipients are Ontario hospitals, universities, community colleges, and non-profit organizations that carry on (or in the opinion of the Board are capable of carrying on) research.

On April 27, 2000, the board approved the creation of the Innovation Institute of Ontario ("IIO"). While the IIO is a subsidiary of the Trust, it has not been consolidated in these financial statements.

The IIO was incorporated under the Canadian Corporations Act without share capital by letters patent dated June 13, 2000. The IIO was incorporated as a not-for-profit organization and is, therefore, exempt from income taxes.

The IIO provides client support, proposal assessment, financial services, communications, public relations assistance, administrative and related support services and expertise to the Trust, The Ontario Research and Development Challenge Fund of the Ministry of Enterprise, Innovation and Opportunity and other organizations or groups with similar objects on a not-for-profit basis.

The following are the balances of the IIO for the years ended March 31:

	2003	2002
Assets	$ 2,409,363	$ 2,008,462
Liabilities	1,223,753	1,323,482
Net assets	1,185,610	684,980
Revenue	6,060,012	3,382,951
Expenditures	5,559,382	2,964,553
Cash flows from operating activities	835,459	(234,675)
Cash flows from investing activities	(219,726)	(701,759)
Cash flows from financing activities	89,004	660,187

2. Summary of Significant Accounting Policies

The non-consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below. The preparation of non-consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from these estimates.

Short-term investments

Short-term investments are recorded at cost. Investments include term deposits, money-market funds, and bankers acceptances. Market value approximates cost.

Capital assets

Capital assets are recorded at cost. The Trust provides for amortization at annual rates which are expected to amortize the cost of capital assets over their estimated useful life on a straight-line basis, as follows:

Furniture and equipment - 5 years
Computer equipment - 3 years

Capital

Capital is comprised of the following components:

(a) Invested in capital assets

Invested in capital assets represents the net book value of capital assets less any indebtedness thereon.

(b) Restricted for approved grants (internally restricted)

When eligible project funding is approved, the related capital is transferred from unrestricted capital to capital restricted for approved grants. Eligible project disbursements, in accordance with the terms of the grant, are charged to capital restricted for approved grants.

(c) Unrestricted

Unrestricted capital includes sponsor contributions and the excess of revenue over expenses of the Trust.

3. Due From Innovation Institute of Ontario

A $400,000 loan was made to IIO during fiscal 2002. The loan is non-interest bearing and repayable in annual instalments of $80,000, maturing March 31, 2007.

4. Capital Assets

Capital assets consist of the following:

	2003			2002
	Cost	Accumulated Amortization	Net	Net
Leasehold improvements	$ 8,825	8,825	$ -	$ 2,697
Furniture and equipment	40,081	23,861	16,220	24,236
Computer equipment	174,229	166,998	7,231	54,945
	$ 223,135	199,684	$ 23,451	$ 81,878

5. Sponsor Contribution

As part of the Ontario Government address on June 17, 2002, the Trust was awarded a sponsor contribution of $300,000,000. An initial instalment of the contribution is expected to be received in fiscal 2004. The contribution has been recorded in the non-consolidated financial statements as a receivable.

6. Cancer Initiative Working Group

In 2002, the Board authorized an expenditure of up to $2,000,000 towards the feasibility and action framework for a cancer research initiative in Ontario. During fiscal 2003, $819,810 was spent towards fulfilling this mandate.

7. Structural Genomics Consortium

In 2003, the Trust incurred expenditures of $65,252 to contribute to Ontario's share of the costs of starting up the international consortium, and to contribute to the expenses of the review panel, established by the Canadian granting agencies, to review the application for research support.

8. Salary Disclosure

In accordance with the Public Sector Salaries Disclosure Act, all salaries in excess of $100,000 have been reported to the Province of Ontario and are as follows:

	2003	2002
David Bogart	$ 122,000	$ 111,000
Christopher Pringle	101,000	-

Christopher Pringle is on a leave of absence from the Government of Ontario and additional amounts were paid him to allow him to maintain contributions to Government pension and benefits plans without penalty.

Payments in the amount of $133,750 (2002 - $133,750) were made on a personal services basis to Knox Innovations for the services of Kenneth W. Knox as President and CEO of the Trust.

9. Contribution to Innovation Institute of Ontario

During fiscal 2002, $250,000 was contributed to IIO to fund the leasehold improvements at 149 College Street.

Highlights at a Glance

	Report Period April 1, 2001 to March 31, 2003	Inception to March 31, 2003
Ontario Innovation Trust Investment	$315.6 million	$673.6 million
Investment from other sources	$531.9 million	$1,149.4 million
Total Value of Infrastructure Investment	$847.5 million	$1.82 billion
Number of Projects funded by the Ontario Innovation Trust	577	873
Private and Public Sector Partners involved	-	921
Universities involved	-	17
Community Colleges involved	-	11
Research Hospitals and Health Science Research Institutions involved	-	12
Other Research Institutions involved	-	2

Ontario
Innovation
Trust

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